



COMMODITY INSURANCE FACT SHEET

July 2006

Nursery

Crop Insured

Nursery crop insurance is available to wholesale nurseries in all counties in all States on the basis that certain criteria are met. Insurance coverage will apply by practice (**field-grown or container**) to all your nursery plants in the county that:

- Are shown on the eligible plant list;
- Meet all the requirements for insurability; and
- Are grown in an appropriate medium using acceptable production practices.

Nursery containers containing two or more different genera, species, subspecies, varieties, or cultivars are not insurable. Christmas trees are not insurable.

Plants producing edible fruits and nuts are insurable if the plants are available for sale (harvest of the edible fruit or nuts does not affect insurability). Your insurance company will inspect your nursery before insurance coverage begins.

New Plant Types: Liners, Palms, and Cycads

Duties in the Event of Damage or Loss

Notify your agent within 72 hours (3 days) of your initial discovery of damage and submit a claim for indemnity no later than 60 days after the end of the insurance period.

Causes of Loss

Adverse weather conditions¹

Failure of irrigation water supply²

Fire³

Loss in plant value due to unmarketable niche market plants⁴

Wildlife

¹Including wind, hurricane, and freeze. If cold protection is required by the eligible plant list, adequate and operational cold protection measures must be in place. ²If due to an insurable cause of loss. ³Provided weeds and undergrowth are controlled. ⁴Damaged plants which cannot be marketed during the normal market period (i.e., poinsettias—November 1-December 25) due to an insurable cause.

Plant damage or losses in value as a result of the following situations are **not** covered:

Collapse or failure of buildings/structures¹

Disease or insect infestation²

Failure of plants to grow to an expected size

Inadequate power supply³

Inability to market nursery products⁴

¹Unless caused by an insurable cause of loss. ²Unless effective control measures for the infestation do not exist. ³Unless such inadequacy is a result of an insurable cause of loss. ⁴Due to stop sales order, quarantine, boycott, phytosanitary restriction on sales, or buyer refusal.

Definitions

Amount of Insurance - The result of multiplying the full value of all insurable plants in each basic unit by the selected coverage level percentage, multiplied by your share.

Eligible Plant List - A list with names of insurable plants, including winter protection requirements (available on CD-ROM from your agent).

Container-Grown Plants - Nursery plants planted and grown in standard nursery containers either above ground or placed in the ground, either directly or when placed in another pot in the ground (pot-in-pot).

Liners - Insurable if the containers are equal to or greater than 1 inch in diameter (including trays containing 200 or fewer individual cells), but less than 3 inches in diameter at the widest point of the container or cell interior, have an established root system reaching the sides of the containers, and are able to maintain a firm root ball when lifted from the containers.

Field-Grown Plants - Nursery plants planted and grown in the ground without the use of an artificial root containment device.

Stock Plants – Stock plants used solely for propagation during the insurance period or plants grown for harvest of buds, flowers, or greenery are not insurable.

Plant Inventory Value Report

This report declares the value of your insurable plants. RMA requires a plant inventory value report for each insured practice. Two copies of your most recent wholesale catalog or price list must accompany your insurance application. Wholesale catalogs must:

- Be type written and legible;
- Show an issue date on cover page (may be handwritten);
- Contain name, address, and telephone number of nursery;
- Be used for plant sales to customers; and
- List plant names, container sizes, and wholesale prices.

Peak Inventory Endorsement

For increased coverage during certain periods when your inventory value may be significantly higher than the annual plant inventory value, you may want to consider a peak inventory endorsement (not available with Catastrophic (CAT) coverage). Contact your crop insurance agent for further details.

Rehabilitation Endorsement

The endorsement applies to field-grown plants and provides labor and material costs for pruning and setup (righting, propping, and staking) and is not available with CAT. Contact your crop insurance agent for further details.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your plant inventory value. Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium: CAT coverage is fixed at 27.5 percent of your plant inventory value. The only cost for CAT coverage is an administrative fee of \$100.

Loss Example

| | |
|-----------|---------------------------|
| \$100,000 | Plant inventory value |
| x .65 | Coverage level percentage |
| \$65,000 | Unit amount of insurance |

In the event of a loss:

| | |
|-----------------|--------------------------------|
| \$100,000 | Field market value before loss |
| - \$50,000 | Field market value after loss |
| \$50,000 | Value of loss |
| - \$35,000 | Deductible* |
| \$15,000 | Indemnity |

*(1 - coverage level) X inventory = (1 - .65) X \$100,000 = \$35,000

| Item | Percent | | | | | |
|--------------------|---------|----|----|----|----|----|
| Coverage level | 50 | 55 | 60 | 65 | 70 | 75 |
| Premium subsidy | 67 | 64 | 64 | 59 | 59 | 55 |
| Your premium share | 33 | 36 | 36 | 41 | 41 | 45 |

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent. To find an agent, please visit our online agent locator at: <http://www3.rma.usda.gov/tools/agents/companies/>

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